

Message Text

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ACTION EB-06

INFO OCT-01 EUR-12 ISO-00 CAB-02 CIAE-00 COME-00 DODE-00

 DOTE-00 INR-05 NSAE-00 RSC-01 FAA-00 L-02 /029 W

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FM USMISSION USBERLIN

TO SECSTATE WASHDC 0136

INFO AMEMBASSY BONN

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E.O. 11652: N/A

TAGS: EAIR, GW, GE

SUBJECT: CIVAIR: MOVE TO TEGEL: GROUND HANDLING

REF: STATE 247012

1. PAN AM BERLIN MANAGER HAS TOLD US THAT COMBINED GROUND HANDLING QUESTION PRE-DATES CONSIDERATION OF MOVE TO TEGEL. MATTER FIRST RAISED BY LOCAL BA MANAGEMENT EARLY THIS YEAR, WHEN COMBINED RAMP SERVICES WERE SUGGESTED. PA PROPOSED THAT ONE AIRLINE PROVIDE ALL RAMP SERVICES AND THAT AIRLINE BE DETERMINED BY COMPETITIVE BIDDING. PAN AM WAS ABLE TO OFFER THIS SERVICE AT DM 200 PER FLIGHT, AND WITH TAKEOVER OF 30 PERCENT OF BA'S RAMP PERSONNEL. BA PROPOSED A DM 400 CHARGE WITH TAKEOVER OF 85 PERCENT OF PAN AM'S PERSONNEL. DESPITE OBVIOUS FINANCIAL ATTRACTIVENESS OF PAN AM'S OFFER, BA TURNED IT DOWN BECAUSE IT FEARED SUBSTANTIAL LABOR DIFFICULTIES IN LAYING OFF 70 PERCENT OF ITS PEOPLE.

2. ISSUE WAS DORMANT UNTIL LAST MONTH, WHEN PAN AM'S NEW YORK MANAGEMENT, UNDER PRESSURE BOTH FROM CAB AND ITS BANKERS, INITIATED EMPLOYEE REDUCTION PROGRAM. BECAUSE BA STILL UNWILLING TO HAVE PAN AM TAKE OVER RAMP SERVICES, PAN AM PROPOSING THIRD PARTY DO SO. BA HAS MADE COUNTEROFFER OF JOINTLY-OWNED AGENT,
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DESCRIBED REFTEL. LOCAL PAN AM MANAGEMENT DOES NOT

FAVOR THIS OFFER BECAUSE IT WOULD MEAN TAKING OVER
SOME OF PRESENT INEFFICIENCIES OF BA'S GROUND
HANDLING OPERATIONS. MATTER STALEMATED HERE AND WILL
BE DISCUSSED BY PA AND BA REGIONAL MANAGERS AT LONDON
MEETING DECEMBER 12.

3. LOCAL PAN AM REPRESENTATIVE BELIEVES BA'S CONCERN
OVER LABOR DIFFICULTIES IS EXCESSIVE. HE THINKS NO
MAJOR LABOR DIFFICULTY WILL DEVELOP IF CARRIERS ARE
ABLE TO WORK OUT EMPLOYEE REDUCTION AND
THEN PRESENT IT TO LABOR REPRESENTATIVES.

4. AT PRESENT, ONLY BA AND PAN AM HERE PROVIDING
GROUND HANDLING SERVICES IN BERLIN. PA SERVICES AIR
FRANCE IN ADDITION TO ITSELF, AND BA SERVICES
SUPPLEMENTAL CARRIERS. AEROAMERICA HAS NOT YET
CONTRACTED FOR RAMP HANDLING SERVICES. SELIGMANN

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